



# LGMA

CALIFORNIA LEAFY GREEN PRODUCTS

HANDLER MARKETING AGREEMENT

**Annual Report**  
04.01.12 - 03.31.13

# CEO Report

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## Continued Improvement and Expanded Training Highlight of 2012

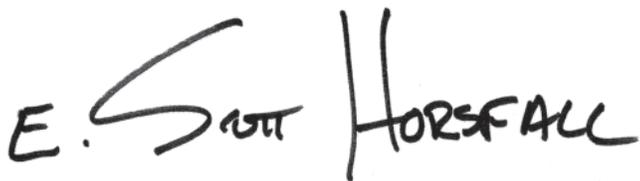
The mission of the California Leafy Greens Marketing Agreement (LGMA) is to ensure safe products and confidence in leafy greens. In reality, the second part of that statement is completely contingent upon the success of the first. If, as an industry, we succeed in protecting public health and we reduce incidences of foodborne illnesses as much as possible, then confidence in our products – among the most healthful vegetables consumers can eat – will grow.

In 2012 the LGMA continued to see improvements in audited food safety performance by the more than 100 signatory members. In a total of 589 audits, both scheduled and unannounced, the number of citations issued for nonconformity fell by 17 percent. And, as always, members were required to correct any and all cited non conformities in order to remain certified by the LGMA.

You can find a full analysis of all audit results in this document, but I would like to highlight two very important results. First, the number of major deviations fell by 56 percent, from 39 to 17. Major Deviations are among the most serious of non conformities and this satisfying decline is further evidence of the leafy greens industry's focus on continuous improvement. In addition, for the second consecutive year, no LGMA members were decertified for flagrant violations of the Marketing Agreement's rules and requirements.

In 2012, the LGMA confirmed its commitment to training and education by expanding its member services in this area. Hundreds of industry members attended workshops on environmental assessments, proper recording of pH levels for water and other important food safety topics. Working with our sister agency in Arizona, the LGMA will be expanding this program again in 2013. Under the banner of the LGMA Tech, the education program will be augmented with a series of videos and other components that will help all leafy greens growers, harvesters and handlers stay on the cutting edge of food safety training.

The LGMA continues to evolve and to learn, although our mission remains focused on protecting public health by assuring safe products. We will continue to build on our successful record in 2012, and will focus even more intently on raising the bar for food safety.

A handwritten signature in black ink that reads "E. Scott Horsfall". The signature is written in a cursive, slightly stylized font.

**Scott Horsfall, CEO**



# Chairman's Report

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## The New Age of Food Safety

Two years ago the U.S. Congress passed the Food Safety Modernization Act (FSMA), the most significant change in US food safety requirements in a lifetime. And in early 2013, the new rules finally started to come into focus. In January, FDA published the first two preliminary sets of requirements that will directly affect the produce industry – the "Produce Rule" and the "Preventive Practices Rule."

In a very real sense, the rules reflect the food safety model adopted by the California and Arizona leafy greens industry six years ago. They target the same priority risk areas including water, soil amendments, and wildlife, and they call for adequate training and education of all workers who participate in the growing and harvesting of produce. In short, like the LGMA, the proposed new produce rules seek to drive the creation of a culture of food safety on the farm.

LGMA members can also take pride in the fact that, as an industry, we are already implementing a set of food safety practices on our farms that are more rigorous and far-reaching than those proposed by the FDA. With few exceptions, there is nothing that will be mandated under FSMA that we are not already implementing in the fields of California and Arizona.

As we comment on the proposals and work with the FDA, our goal will be to make sure the advent of these new federal rules will not create additional burdens for our industry. Our primary goal is to make sure that FDA looks at existing organizations like the California and Arizona LGMA's as the appropriate mechanism to verify compliance with the new regulations. To that end the LGMA has worked very hard over the past two years to educate FDA about the LGMA model. We've met with key FDA officials in Washington DC, and we have hosted several visits from FDA officials ranging from Commissioner Margaret Hamburg and Deputy Commissioner for Foods Michael Taylor to groups of employees that have been engaged in writing the FSMA rules.

In 2013, we will continue to work with FDA and we will keep the industry informed of progress as the production of these new rules and regulations becomes a reality. Again, we commend all members of the leafy greens industry for their proactive focus on food safety, and we look forward to working as an industry with the federal agencies to further ensure that the produce industry is producing the safest fruits and vegetables possible.



**Ryan Talley, Chairman**



# Year in Review

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## How we got here...

In the fall of 2006 American consumers' confidence in the food supply was shaken when over 200 people were sickened from eating fresh spinach contaminated with deadly bacteria. The solution proposed by the California leafy greens farming community was to bring government oversight and science-based food safety practices to the farm. Today that program, called the Leafy Greens Marketing Agreement, operates in California and Arizona and certifies that the leafy green shippers who produce nearly 80% of U.S. leafy greens are following accepted food safety practices on the farm.

## Working with Washington DC

In the following years produce continued to be associated with foodborne illness outbreaks; in 2011 the Food Safety Modernization Act (FSMA) was signed into law. FSMA includes a component called the Produce Rule that will directly affect leafy greens growers and shippers. The U.S. Food and Drug Administration (FDA) was tasked with creating all the new regulations under FSMA. In 2012, the LGMA was pleased to host two farm field tours for FDA staff that were tasked with working on developing the proposed Produce Rule.

Early in 2013 FDA released its proposed Produce Rule. The LGMA conducted a comparison and was pleased to find that its members are already in compliance with nearly all the proposed regulations for the farm. The organization has been active in sharing its experiences and plans to submit formal comments to FDA during its open comment period. The LGMA staff and advisory board look forward to seeing the final Produce Rule when it is issued sometime in 2014.

## Training for Continuous Improvement

In 2012 the LGMA offered 12 individual workshops in leafy greens growing regions from Salinas to El Centro and one in Yuma, Arizona. The focus of the workshop was: Understanding the Importance of Testing and Sampling Procedures – A practical approach to pH, chlorine and water. The hands-on nature of the workshop allowed participants to try out different methods and equipment used for sanitizing and to share their experiences in order to determine the most effective practices for their own operations.



# Year in Review

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## LGMA as a Model for other Produce Groups

Since its creation, other produce groups have utilized the LGMA model to bring food safety and government inspections to the farm - including California Tomato Farmers and California Cantaloupe Advisory Board. In 2012 the LGMA collaborated with these groups to show buyers and regulators that the programs like the LGMA are the best model to produce safe food because they establishes a culture of food safety on the farm. The three organizations co-hosted a buyer tour in the summer to give retailers, foodservice and distributors a better idea of how all the food safety programs work. Additionally, the groups jointly introduced the LGMA's new "Food Safety First" campaign at the Produce Marketing Association's Fresh Summit show which had over 20,000 attendees.

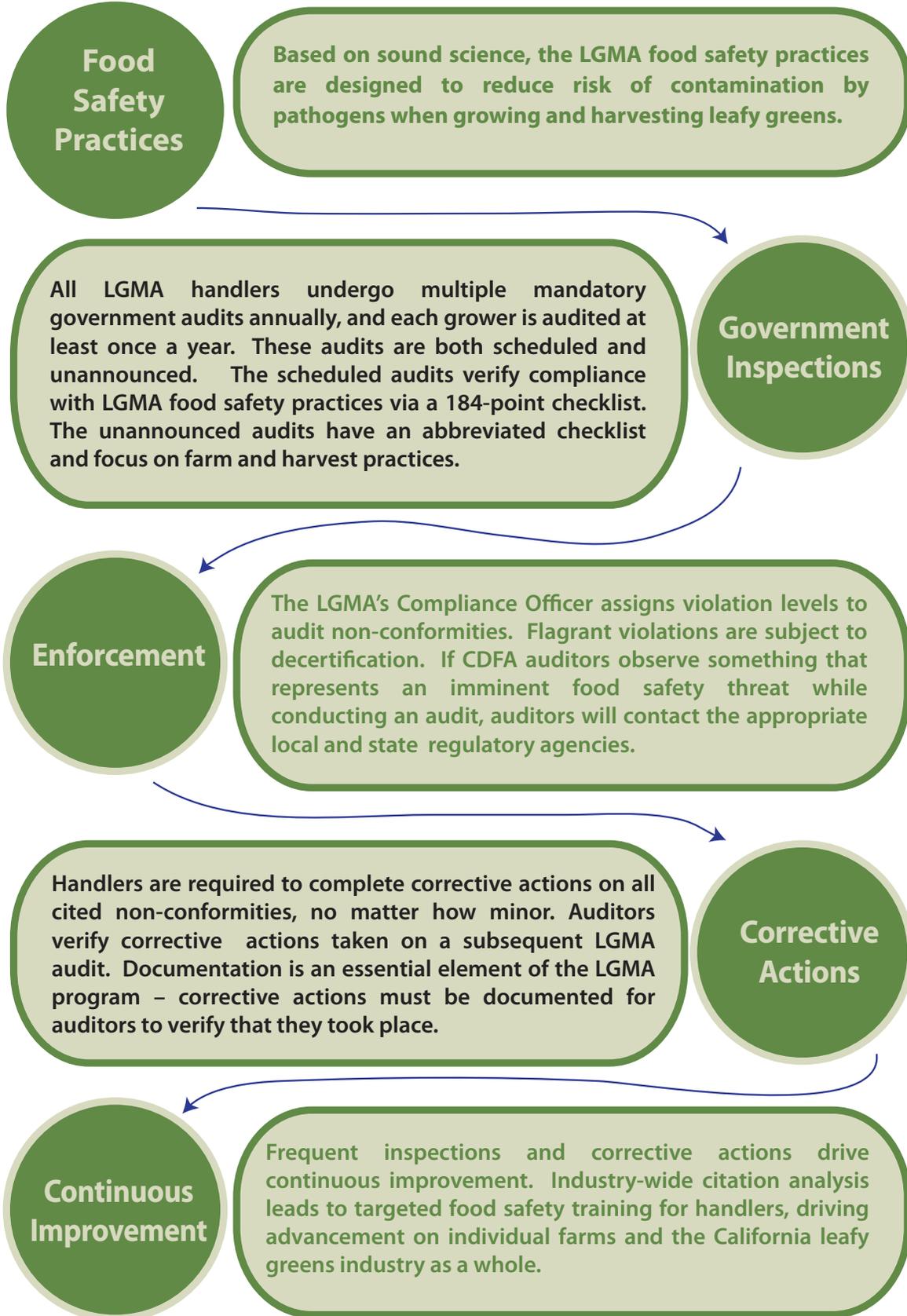
## Consumer Perceptions



In 2012 the LGMA was awarded a USDA Specialty Crop Block Grant to gauge the impact of a program like the LGMA on consumer confidence. The project was carried out in Canada; activities in the project were designed to illustrate what California farmers are doing for food safety; they also included a farm-to-fork component that promoted safe handling practices in the home. Specific activities included a media/ blogger tour, trade outreach, use of a Canadian spokesperson, press releases and a pre/post campaign survey. At the conclusion of the program 81 media stories were generated from outreach garnering nearly 8 million Canadian consumer impressions.

# How the LGMA Works

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# Audit Results

## Frequency of Audits

All LGMA members are subject to mandatory verification audits by California Department of Food and Agriculture (CDFA) inspectors. All of the auditors are trained and licensed by USDA. The following table shows the number of LGMA food safety audits conducted over the past three years.

Audits	2010/11	2011/12	2012/13
Scheduled	498	469	452
Unannounced	91	90	94
Total	589	559	546

## Compliance Continues to Improve

Over time, the LGMA has seen a steady decline in the number of citations for non-conformity assigned to its members through verification audits. The following table shows the breakdown of citations by type of infraction over the past three years.

Citations	2010/11	2011/12	2012/13
Flagrant Violations	2	0	0
Major Deviations	43	39	17
Minor Deviations	685	503	396
Minor Infractions	274	301	289
Total	1003	843	702

## Compliance Rate for Audit Areas

Overall compliance with the LGMA's accepted food safety practices is very high. Each LGMA audit includes over 180 audit checkpoints, and the 702 citations assigned in 2012/13 represented less than two percent of all audit checkpoints

Audit Area	Percent in Compliance
General Requirements	99.8%
Environmental Assessments	99.9%
Water Use	98.8%
Soil Amendments	99.7%
Worker Practices & Field Observations	99.2%

# Citation Report

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Four types of non-conformity citations can be assigned by the LGMA program's Compliance Officer. The following is a list of those citation categories, along with the number of each type assigned in 2012/13.

**289**

## **Minor Infractions**

A Minor Infraction is an infraction from the LGMA practices that does not necessarily increase risk of a food borne illness, and the infraction can be corrected before the inspector leaves the premise. Multiple Minor Infractions will lead to a Minor Deviation.

*In 2012/13 all 289 Minor Infractions were corrected on-site for auditors.*

**396**

## **Minor Deviations**

A Minor Deviation is a deviation of the LGMA practices which can be addressed within (5) days of the inspection, and the deviation did not necessarily increase the risk of a food-borne illness. Upon multiple violations of the same type within a 12-month period, the violation may move up to a Major Deviation.

*In 2012/13 all 396 Minor Deviations submitted satisfactory corrective action plans to the LGMA Compliance Officer.*

**17**

## **Major Deviations**

A Major Deviation is a violation of the LGMA practices that may inhibit the maintenance of food safety, but does not necessarily result in unsafe product. A third Major Deviation within a 12-month period will result in elevation of the deviation to a Flagrant Violation. Those cited are required to submit a corrective action plan to the LGMA staff within five business days of notification. They are then subject to an on-site inspection within three business days.

*In 2012/13 all 17 Major Deviations submitted satisfactory corrective action plans to the LGMA Compliance Officer.*

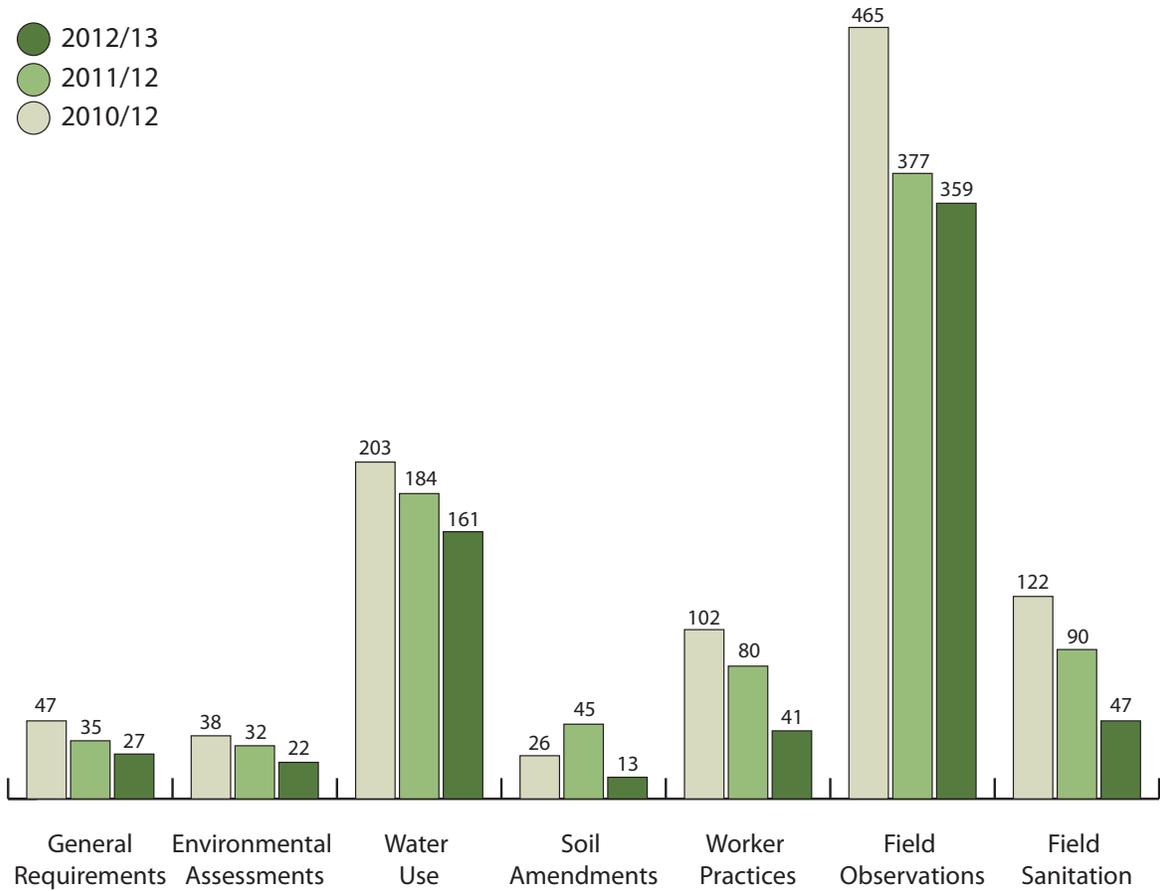
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## **Flagrant Violations**

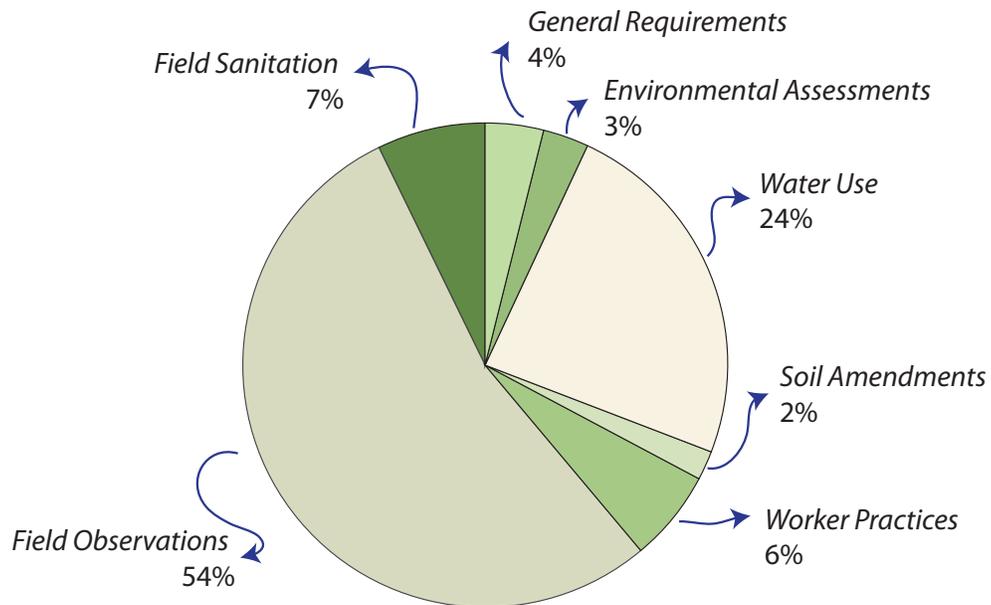
A Flagrant Violation is a violation where the preponderance of evidence shows that the member company knew, or should have known exercising reasonable diligence, that the practice did not conform to the measurable practices established in the LGMA, and the violation significantly increased the risk of delivering unsafe product into commerce. Penalties can range from temporary to permanent decertification. Any action resulting in decertification will be publicized on the LGMA website. Per the request of the produce buyer, e-mails are also sent to alert the buyer to any decertification actions.

# Citation Analysis

## General Requirement Citations

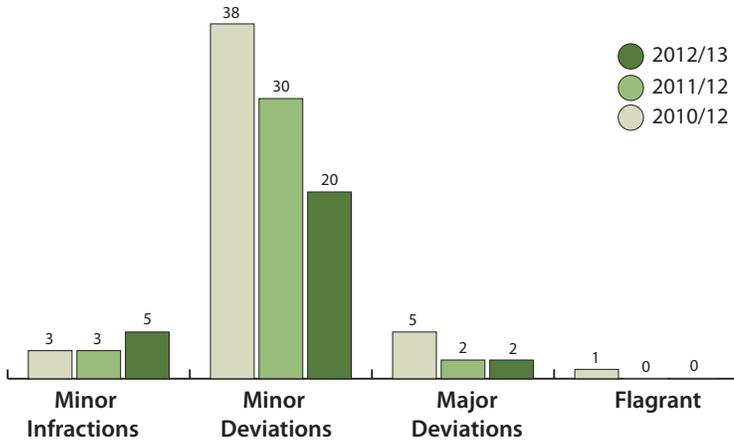


## 2012/13 Audit Citations by Category



# Citation Analysis

## General Requirement Citations



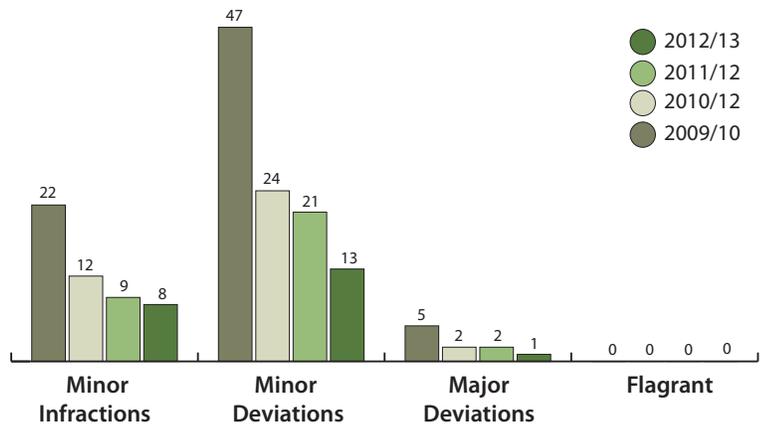
LGMA members are required to meet specific requirements related to their food safety management program; these include having a written compliance plan in place, an up-to-date growers list, a traceability process and the identification of individuals who are available 24/7 to oversee their food safety program. There are 14 checkpoints in general requirements in the LGMA audit.

There were two Major Deviations assessed for General Requirements assessed for failure to provide a compliance plan for review by the auditor. In both cases, failure to comply resulted from new supervisors not fully understanding

the requirement that it be available when being audited. The citations were resolved by the handlers producing the plans following both audits and the supervisors of each company were properly trained.

Under Environmental Assessments, LGMA members are required to conduct pre-planting, pre-harvest and daily harvest assessments of all of their leafy greens fields. These assessments are reviewed on the LGMA audit, and compliance with the requirements is verified. There are 35 Environmental Assessment checkpoints in the LGMA audit.

## Environmental Assessment Citations



There was one Major Deviation assessed for not conducting a pre-season assessment on the field to be planted to leafy greens. The food safety supervisor responsible for conducting and recording findings for the assessment assumed that a similar assessment done for another commodity on the ground would suffice. This citation was rectified by reviewing the audit and conducting a physical assessment of the field, documentation of findings and additional training for the food safety on his roles and responsibilities in conducting assessments.

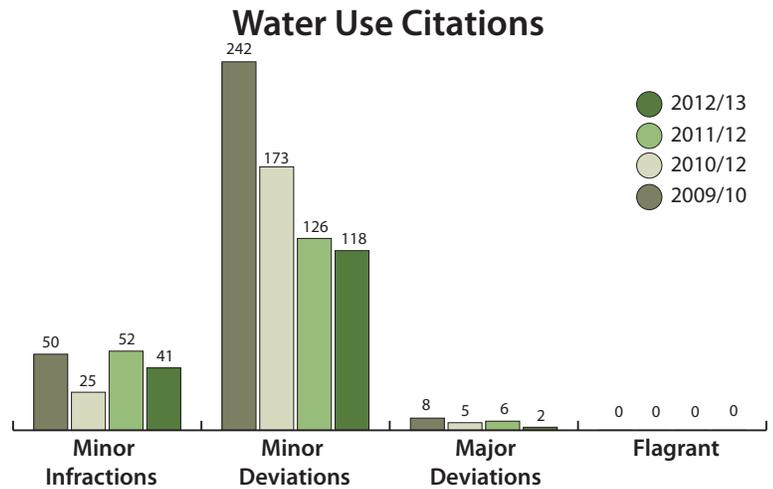
and the supervisors of each company were properly trained.

# Citation Analysis

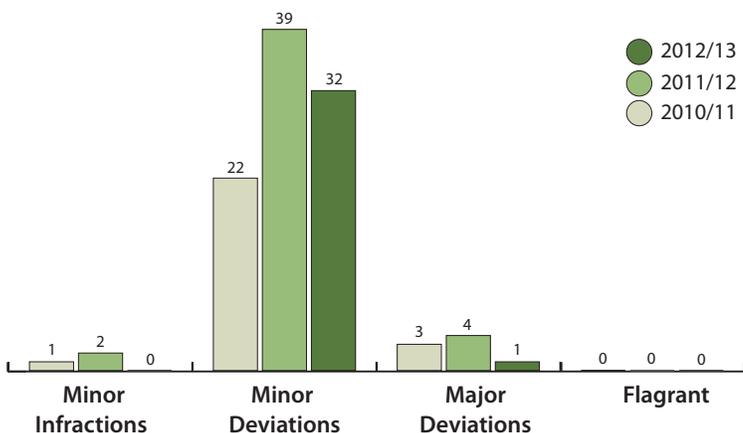
The LGMA metrics include specific water sampling and testing requirements for all water used in the production and harvest of leafy greens. The LGMA audit includes 24 water use checkpoints.

Two Major Deviations were issued for Water Use, including one where irrigation water applied to a field was found to have pathogen levels above the LGMA's acceptance criteria. Ultimately, this turned out to be a communication problem with laboratory in reporting the results back to the grower. Nevertheless, the grower followed all SOP's after being notified, including conducting a sanitary survey within 72 hours of notification and re-sampling and retesting the system with results meeting LGMA acceptance.

As a follow-up, The handler met with the lab and reviewed the protocols for notification of results. The second involved failure of laboratory personnel to collect water samples from the entire irrigation system. After contacting the lab, the entire distribution system was resampled and the lab's sampler retrained on proper water distribution sampling procedures.



## Soil Amendment Citations



The LGMA metrics have specific requirements for the soil amendments used in the production of leafy greens, the treatment processes such amendments must receive, and the sampling and testing requirements for pathogens. The LGMA audit includes 18 checkpoints on soil amendments.

One Major Deviation was issued for Soil Amendments, for not having a Certificate of Analysis available which covered the soil amendment being applied to the field. In this case, there was a record-keeping problem which was resolved with the supplier being able to provide the Certificate of Analysis for the lot in question.

# Citation Analysis

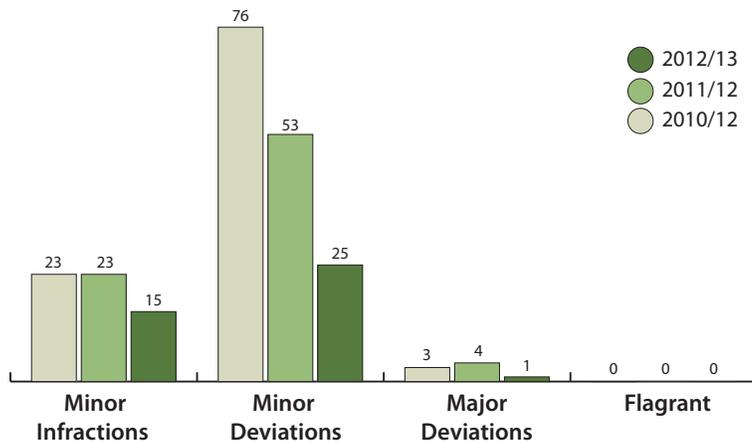
## Worker Practices Citations, Field Observation and Field Sanitation

The LGMA metrics require a range of standard operating practices related to worker practices in the field. These include having written visitor policies, a documented sanitary facility program, and a worker health practices program.

Every LGMA audit – announced and unannounced – includes a long list of checkpoints related to field harvest and sanitation practices. These include verification of standard operating practices for equipment sanitation, verification that workers are following standard operating practices related to consumption of food, cleaning and sanitizing of harvest equipment, and verifying that all other food safety practices are being implemented.

The Worker Practices, Field Observations and Field Sanitation portions of the LGMA audit include 93 checkpoints.

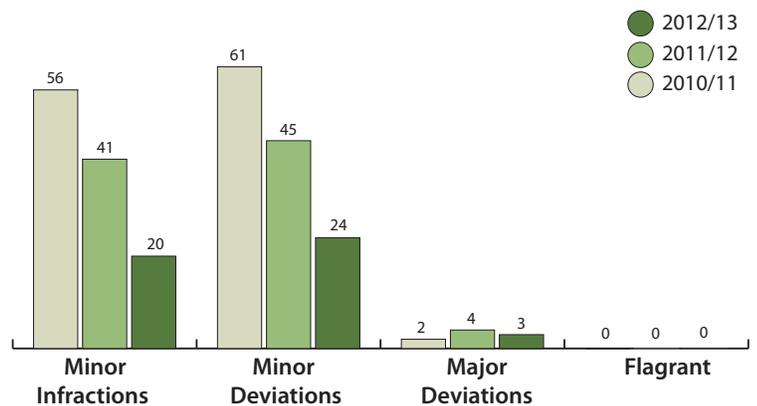
### Worker Practices Citations



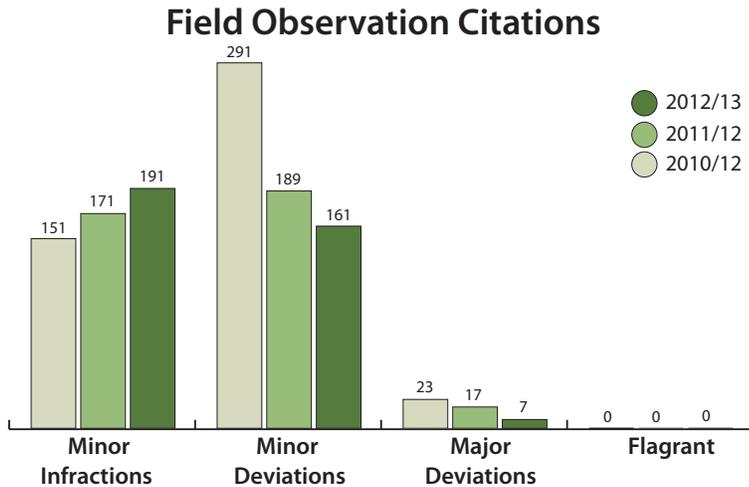
One Major Deviation was issued for Worker Practices which involved a worker on the harvest crew admitting he was ill while working in the field. Upon discovery, the worker was asked to leave the field and subsequently sent home. Work was stopped and all workers received training on the importance of not coming to work if sick.

Of the three Major Deviations issued for Field Sanitation, two were for daily harvest assessments not being available for review and the third for fecal matter near a well not being noted on the daily harvest assessment. In all instances, the violations were resolved and followed up with training for the harvest crew supervisors on their roles and responsibilities for conducting daily harvest assessments.

### Field Sanitation Citations



# Citation Analysis



Of the seven Major Deviations issued for Field Observations, two were instances where feces were found in areas adjacent to an un-harvested leafy greens and well supplying water to the irrigation distribution system. In both cases, the feces were removed and the supervisors retrained, emphasizing the importance of noting and documenting presence of feces in or around production areas on the daily assessment form.

The other four violations included three instances where field sanitation units were not properly maintained and

another where oily water accumulating in one corner of a leafy greens field. In all cases, the problems were addressed immediately, with the sanitary facility company being called out to clean and service the units and the area where the oily water had entered the field being flagged and buffered as a no-harvest area.

# Financial Summary

## Independent Audit Report

I have audited the accompanying basic financial statements of California Leafy Green Products Handler Marketing Agreement (LGMA) as of and for the year ended March 31, 2013, as listed in the table of contents. These financial statements are the responsibility of the LGMA's management. My responsibility is to express an opinion on these financial statement based on my audit.

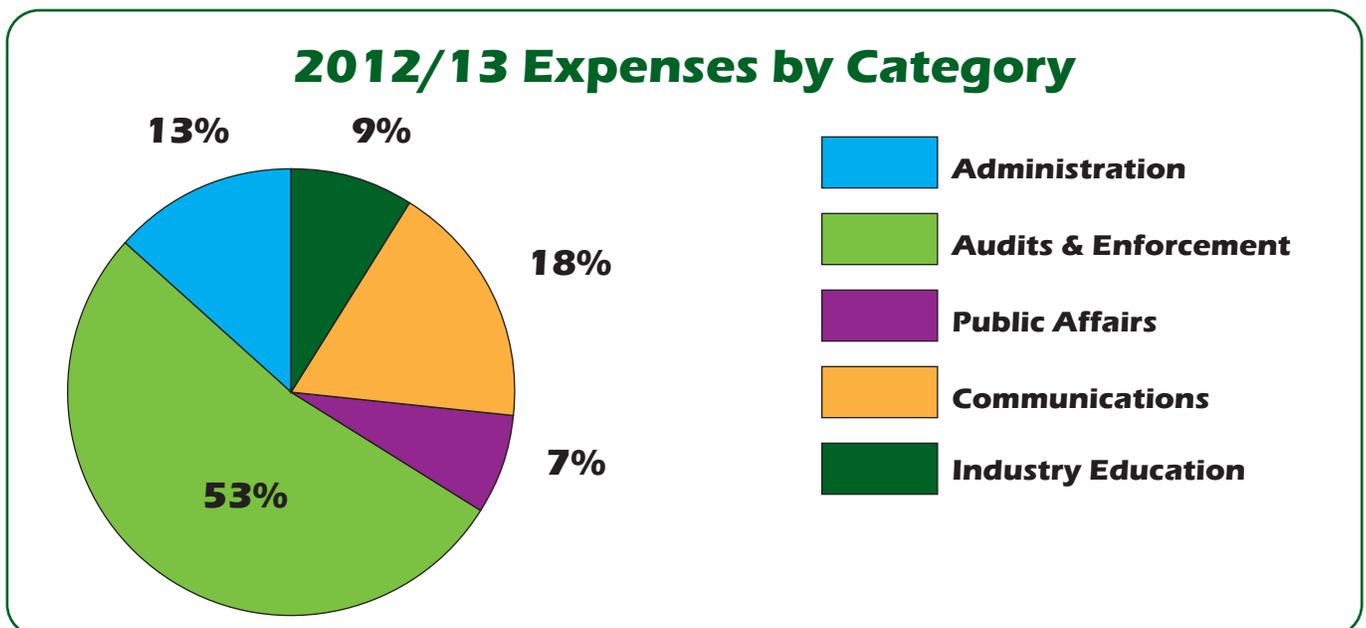
I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Controller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the LGMA's internal control over financial reporting. Accordingly, I express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for opinion.

The financial statements are special-purpose regulatory presentations for the California Department of Food and Agriculture. The basic financial statement do not include management's discussion and analysis.

In my opinion the financial statements above referred to above present fairly, in all material respects, the financial position of California Leafy Green Products Handler Marketing Agreement as of March 31, 2013 and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



Keith C. Rood - Certified Public Accountant



# Terminology

## Audits

The LGMA operates with oversight from the California Department of Food and Agriculture (CDFA). To conduct mandatory government audits, the LGMA uses inspectors employed by CDFA who are trained and certified by the United States Department of Agriculture (USDA).

### *Audit Terminology*

**Checklist** - A tool that ties directly to the food safety practices and ensures inspectors are consistent and thorough in completing each and every LGMA audit.

**Corrective Action Plan** - A required plan outlining corrections for all audit findings.

**Database** - CDFA enters all audit information into an electronic database where members view audit results and provide the LGMA with corrective action plans.

**Inspector** - Also called auditors, these CDFA employees are USDA-licensed government agricultural inspectors.

**Scheduled Audit** - Audits verify that members are in compliance with the food safety practices. In order to be certified, members are subject to four to six mandatory audits each year. Corrective action must be provided for all findings. Non-compliance results in decertification from the program.

**Unannounced Audit** - Derived from the regular audit checklist, this observational audit is a USDA requirement and is conducted with no advance notice. Each member is subject to one unannounced audit each year and required to provide corrective action for any findings.

### *Food Safety Practices*

The food safety practices used every day by LGMA members and their growers are designed to reduce potential sources of contamination and give specific and science-based guidance to be used for growing and harvesting leafy greens. There are five main areas in the food safety practices:

**General Requirements • Environmental Assessments • Water Use  
Soil Amendments • Worker Practices and Field Observations**

## LGMA Members

Only leafy green **handlers** can be members of the LGMA program. A **handler** is: A person or company that handles or ships leafy green product for market. **Handlers** voluntarily sign up for the LGMA program; however once they sign up the program's requirements are mandatory.

It is estimated that 99% of California leafy greens production is handled by LGMA members.

A **grower** is a person or company that produces leafy green products for commercial sale. A **handler** will usually have several **growers**; however a **handler** can only have one grower, or even be their own **grower**.



### Service Mark

The LGMA Service Mark provides assurance for grocery stores, restaurants and other institutions that their leafy greens suppliers are certified members in good standing and that their products have been grown according to the food safety practices accepted by the LGMA.

# The Leafy Greens Industry

California is the largest producer of U.S. Leafy Green Vegetables

80% of Romaine Lettuce



78% of Head Lettuce



72% of Spinach



20% of Cabbage



The LGMA program covers 14 different crops:

Arugula • Cabbage • Chard • Endive • Escarole • Kale  
Lettuce (baby leaf, butter, green leaf, iceberg, red leaf, Romaine)  
Spinach • Spring Mix

## California Leafy Green Growing Regions and Harvest Period



# Advisory Board & Staff

## ADVISORY BOARD

### Salinas • Watsonville • San Joaquin Valley • Kern County

Members	Alternates
Tom Nunes - <i>The Nunes Company</i>	Tom Russell - <i>Pacific International Marketing</i>
Joe Pezzini - <i>Ocean Mist Farms</i>	Mike Costa - <i>Mann Packing</i>
Jamie Strachan - <i>Growers Express</i>	Tom Mack - <i>Dole</i>
Mark Borman - <i>Taylor Farms</i>	Bardin Bengard - <i>Bengard Ranch</i>
Steve Church - <i>Church Bros.</i>	Phil Adrian - <i>Coastline / Sunridge</i>
John D'Arrigo - <i>D'Arrigo Bros.</i>	Courtney Parker - <i>True Leaf Farms</i>
Ron Ratto - <i>Ratto Bros.</i>	Will Daniels - <i>Earthbound Farm</i>

### Oxnard • Santa Maria

Members	Alternates
Jan Berk - <i>San Miguel Produce</i>	Dan Sutton- <i>Pismo Oceano Vegetable Exchange</i>
Ryan Talley - <i>Talley Farms</i>	John Jackson - <i>Beachside Produce</i>
Victor Tognazzini - <i>Gold Coast Packing</i>	Mitch Ardantz - <i>Bonipak</i>

### Blythe • Imperial Valley

Members	Alternates
Jack Vessey - <i>Vessey and Company</i>	Megan Chedwick - <i>Church Bros.</i>
Eric Wexler- <i>Tanimura and Antle</i>	Todd Brendlin - <i>Crystal Organic</i>
Larry Cox - <i>Sunridge Farms</i>	Lorri Koster - <i>Mann Packing</i>

## STAFF

	Scott Horsfall <i>Chief Executive Officer</i>		April Ward <i>Communications Director</i>
	Mike Villaneva <i>Technical Director</i>		Jonathan Field <i>Compliance Officer</i>



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agreement



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CALeafyGreens